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BB Nugent
Executive Director
Federal Regulatory

EX PARTE OR LATE FILED

USWEST

EX PARTE
(Erratum)

RECEIVED

FEB 3 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

February 3, 1999

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 - 12th Street, SW, TW-A325
Washington, DC 20554

RE: **CC Docket No. 98-157:** Petition of U S WEST Communications, Inc. for
Forbearance from Regulation as a Dominant Carrier
in the Phoenix, Arizona MSA

Dear Ms. Salas:

On January 28, 1999, U S WEST filed an Ex Parte notification regarding the above-referenced proceeding. In the original notification, U S WEST should have referenced CC Docket No. 98-157. Enclosed is a corrected version of the Ex Parte notification and attachments. Please replace the original filing with these.

We have served a copy on all parties who previously received the original filing filed on January 28.

Acknowledgment and date of receipt of this submission are requested. A duplicate copy of this letter is attached for this purpose.

We apologize for any inconvenience this may have caused. Thank you for your cooperation.

Sincerely,

BB Nugent

Attachments

cc w/o Attachments: Mr. Aaron Goldschmidt   cc: w/ Attachments: Mr. Jay Atkinson
Ms. Tamara Preiss   Ms. Jane Jackson
Mr. John Scott   Mr. Rich Lerner
Ms. Florence Setzer
Mr. Steve Spaeth

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USWEST

EX PARTE

January 28, 1999

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 - 12th Street, SW, TW-A325
Washington, DC 20554

RE: **CC Docket No. 98-157:** Petition of U S WEST Communications, Inc. for
Forbearance from Regulation as a Dominant Carrier
in the Phoenix, Arizona MSA

Dear Ms. Salas:

On January 27, 1999, Jim Hannon, John Kure and the undersigned, representing U S WEST,
met with Tamara Preiss, Steve Spaeth, Aaron Goldschmidt, Florence Setzer and John Scott of
the Competitive Pricing Division regarding the above-captioned proceeding. The attached
documents served as the basis for the discussion.

In accordance with Section 1.1206(a)(2) of the Commission's rules, an original and one copy
of this letter and the attachments are being filed with your office for inclusion in the record of
this proceeding. Because of the late hour of our meeting yesterday, this ex parte notification
is being filed with you today.

Acknowledgment and date of receipt of this submission is requested. A duplicate of this
letter is provided for this purpose.

Sincerely,

BB Nugent

Attachments

cc w/o Attachments: Mr. Aaron Goldschmidt   cc: w/ Attachments: Mr. Jay Atkinson
                    Ms. Tamara Preiss   Ms. Jane Jackson
                    Mr. John Scott   Mr. Rich Lerner
                    Ms. Florence Setzer
                    Mr. Steve Spaeth

U S WEST
High Capacity Forbearance
Market Share Update

The market share information provided in the petitions for Phoenix and Seattle were based on a study as of the fourth quarter, 1997. Quality Strategies has completed new studies for the second quarter, 1998. The market shares of U S WEST Communications continue to erode.

	Provider	Transport	Retail	Wholesale	Overall
Fourth Quarter 1997					
Phoenix	71.7%	84.1%	29.2%	79.1%	77.4%
Seattle	65.2%	74.2%	20.7%	71.7%	72.8%
Second Quarter 1998					
Phoenix	69.5%	62.3%	27.9%	64.9%	67.1%
Seattle	64.7%	63.3%	20.0%	65.7%	64.2%

The overall High Capacity market share dropped noticeably in both cities, primarily driven by a significant decrease in the Transport segment. The Transport segment represents the purchases by carriers to extend their own backbone routes. This is further indication that the self-provisioning by the carriers is continuing, particularly in light of the merger of AT&T and TCG and the merger of MCI, MFS and WorldCom.

U S WEST
High Capacity Forbearance
Price Cap and Earnings Adjustments

This paper addresses the impacts to Price Caps and earnings when the FCC approves the U S WEST Communication petitions for forbearance for High Capacity Services. As demonstrated in the paper, the Price Cap mechanism is self-correcting and no adjustments are needed other than removing the demand for the affected services. From an earnings perspective the only impact is on the Low End Adjustment. The paper describes how the Adjustment would be apportioned to Price Cap services as well as to non-dominant services. Customers of Price Caps services are more than adequately protected when this process is used to effect a Low End Adjustment.

Price Caps will be adjusted by removing High Capacity Services. These services are in the Trunking Basket. The Trunking Price Cap Index and the Actual Price Index will be self-corrected by removing the demand counts from the base period demand in a TRP filing. The bands for the high capacity categories and subcategories would be adjusted in the same manner.

No exogenous treatment or freezing of the head room (i.e., the difference between the PCI and API) is necessary to protect other customers nor is it justified under Price Cap regulation. As demonstrated by the following analysis, the Price Cap mechanism is self-correcting. Removing one group of services such as high capacity services does not adversely impact other services. The total revenue (the "R" value) is automatically reduced by the value of the demand being removed. The amount of headroom shrinks proportionally. The example used in the analysis shows the headroom shrinking from $5,432,616 to $5,164,684. Because the headroom associated with the non-dominant services is removed it is not available to increase prices for the services remaining under Price Caps. In contrast, if these competitive services were to remain under Price Cap the extra headroom generated from competitively pricing these services would be available to raise prices to customers of other services in the Trunking Basket. The bands for the categories and subcategories are also automatically adjusted in a similar manner.

The only practical implication of earnings for a Price Cap company is the Low End Adjustment when the actual rate-of-return falls below 10.25%. As described later in this paper, the Low End Adjustment for Price Cap services would be reduced by the difference between the revenue generated from the non-dominant services compared to a theoretical revenue for these services. The theoretical revenue is calculated by repricing the non-dominant services at the corresponding rates on an average basis for each type of service (e.g., DS1). The remaining Low End Adjustment is then spread proportional to the actual revenues for the Price Cap and non-dominant services. In the example used in the analysis, an interstate Low End Adjustment of $21M is reduced to $10M for Price Cap services, the remainder of the adjustment is essentially assigned to the non-dominant services. This procedure protects the customers of Price Cap services from having to bear the burden of the full Low End Adjustment by assigning a portion to the non-dominant services.

When granting U S WEST's petition for forbearance, the Commission has the full authority to allow U S WEST to remove high capacity services from Price Cap regulation as described above

without additional changes in its rules. Section 10 gives the Commission the necessary authority to grant this relief.

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Price Cap Plan

When U S WEST's forbearance petition for High Capacity Services is approved, Price Cap data will be changed in a TRP filing to show the effects of removing the demand no long subject to Price Caps. The TRP filing will not include any rate changes. The High Capacity Services are in the Trunking basket. To reflect the impacts to Price Caps from this demand reduction, this TRP filing is considered to be an update to the Price Cap Index for the Trunking basket. Using Price Cap rules in Part 61, the Price Cap Index (PCI) for the Trunking Basket is

$$PCI_t = PCI_{t-1} \bullet [1 + w \bullet (GDP\text{-}PI - X) + \Delta Y / R + \Delta Z / R]$$

Because this is not an Annual Filing, the inflation (GDP-PI) and the productivity (X) factors do not apply and are set to zero. Also exogenous changes (ΔZ) are not applicable as discussed below. The imputation of access charges (ΔY) is also not applicable. Both of these elements are set to zero. Even though it has no affect in the calculation of the PCI, the base period revenue (R) is the sum of base period demand reduced for the non-dominant demand (D_{iR}) multiplied by the rates (P_{it-1}) at the last PCI update. The net result is a new Price Cap Index equal to the former one.

$$PCI_t = PCI_{t-1} = 0.555254^1$$

The Actual Price Index (API) is then calculated

$$API_t = API_{t-1} \bullet \Sigma [v_i \bullet (P_{it} / P_{it-1})]$$

For this TRP filing the formula can be restated as

$$API_t = API_{t-1} \bullet \Sigma (D_{iR} \bullet P_{it}) / \Sigma (D_{iR} \bullet P_{it-1})$$

Because there are no rate changes there is no change in the API.

$$API_t = API_{t-1} = 0.551520$$

Headroom (HR) is the difference between the revenue generated from the actual prices and the revenue which is allowed if the API is equal to the PCI as permitted in the rules. The generally used formula for headroom is

$$HR = [PCI_t \bullet \Sigma (D_i \bullet P_{it-1}) / API_{t-1}] - \Sigma (D_i \bullet P_{it})$$

For this TRP filing, the resulting headroom is

$$HR_R = [PCI_t \bullet \Sigma (D_{iR} \bullet P_{it-1}) / API_{t-1}] - \Sigma (D_{iR} \bullet P_{it})$$
$$HR_R = (0.555254 \bullet \$762,835,579 / 0.551520) - \$762,835,579$$

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[1] To demonstrate these effects, a demonstrative TRP as well as the prior TRP (Transmittal No. 956) from which this TRP is built are attached. The actual demand for Phoenix has not been definitively identified; however, approximate demand has been developed to show the relative impacts. The data used is from these two TRPs.

$$HR_R = \$5,164,684$$

Because there are no changes in prices, the revenues represented by $\Sigma(D_i \bullet P_{it})$ and $\Sigma(D_i \bullet P_{it-1})$ are equal to $\Sigma(D_{iR} \bullet P_{it})$ and the headroom can be restated to

$$HR_R = (PCI_t - API_{t-1}) \bullet \Sigma(D_{iR} \bullet P_{it}) / API_{t-1}$$

The headroom available prior to this TRP filing is

$$HR_P = [PCI_{t-1} \bullet \Sigma(D_{iP} \bullet P_{it-2})/API_{t-2})] - \Sigma(D_{iP} \bullet P_{it-1})$$
$$HR_P = (0.555254 \bullet \$802,409,252 / 0.551520) - \$802,409,252$$
$$HR_P = \$5,432,616$$

For the prior TRP filing the API is

$$API_{t-1} = API_{t-2} \bullet \Sigma(D_{iP} \bullet P_{it-1}) / \Sigma(D_{iP} \bullet P_{it-2})$$
$$\Sigma(D_{iP} \bullet P_{it-1}) = API_{t-1} \bullet \Sigma(D_{iP} \bullet P_{it-2}) / API_{t-2}$$

Using this to substitute for $\Sigma(D_{iP} \bullet P_{it-1})$ in the headroom for the prior filing gives

$$HR_P = [PCI_{t-1} \bullet \Sigma(D_{iP} \bullet P_{it-2})/API_{t-2}] - [API_{t-1} \bullet \Sigma(D_{iP} \bullet P_{it-2}) / API_{t-2}]$$
$$HR_P = (PCI_{t-1} - API_{t-1}) \bullet \Sigma(D_{iP} \bullet P_{it-2}) / API_{t-2}$$

To determine the relationship of the headroom resulting from this TRP filing to the headroom from the prior TRP filing, the ratio of the two headrooms is determined

$$HR_R / HR_P = [(PCI_t - API_{t-1}) \bullet \Sigma(D_{iR} \bullet P_{it}) / API_{t-1}] / [(PCI_{t-1} - API_{t-1}) \bullet \Sigma(D_{iP} \bullet P_{it-2}) / API_{t-2}]$$

Because PCI_t equals PCI_{t-1} for this TRP filing, the equation can be simplified to

$$HR_R / HR_P = [\Sigma(D_{iR} \bullet P_{it}) / API_{t-1}] / [\Sigma(D_{iP} \bullet P_{it-2}) / API_{t-2}]$$

Substituting for API_{t-1} from above in the head room ratio and simplifying gives

$$HR_R / HR_P = [\Sigma(D_{iR} \bullet P_{it}) / (API_{t-2} \bullet \Sigma(D_{iP} \bullet P_{it-1}) / \Sigma(D_{iP} \bullet P_{it-2})] / [\Sigma(D_{iP} \bullet P_{it-2}) / API_{t-2}]$$
$$HR_R / HR_P = [\Sigma(D_{iR} \bullet P_{it}) / \Sigma(D_{iP} \bullet P_{it-1})] / [\Sigma(D_{iP} \bullet P_{it-2} / \Sigma(D_{iP} \bullet P_{it-2})]$$
$$HR_R / HR_P = \Sigma(D_{iR} \bullet P_{it}) / \Sigma(D_{iP} \bullet P_{it-1})$$
$$\$5,164,684 / \$5,432,616 = \$762,835,579 / \$802,409,252$$
$$0.9506809 = 0.9506814$$

This equation shows that the ratio of the head rooms is proportional to the head room resulting from this TRP filing to the sum of the base period demand from the prior filing multiplied by the rates from the prior filing. In other words, **the headroom is reduced proportional to the reduction in revenue caused by removing the demand for the non-dominant services.**

This same effect takes place in the headroom associated with the categories and sub categories. As a demonstration (without the diversion of the equations), the headroom for the DS1 sub category for this TRP filing is $16,347,589 and the headroom from the prior filing is $17,986,919. The ratio of these two numbers is 0.9088599. The ratio of the two respective revenues is 0.9088599 (i.e., $247,849,713 / $272,703,989). Again as the equality of these ratios demonstrates, the headroom is reduced proportional to the change in revenues which is all driven by the reduction in the demand. It must also be remembered that the ability to use the headroom in the sub categories is constrained by the headroom of the overreaching category. The headroom in the categories is further constrained by the headroom in the basket. Due to all of this complexity, there is little flexibility to raise prices under Price Caps and the reduction in head room caused by removing the demand further constrains that limited ability.

It is clear the headroom is automatically reduced using the Price Cap formulas. There is no windfall of headroom that can be used to raise prices for services remaining under Price Cap. The reduction in headroom reduces a LEC's ability to increase prices of less competitive services in the future. In addition, as the prices for more competitive services which are not under Price Caps (those in the Phoenix MSA, for example) are reduced, headroom is not created for other prices to be increased.

Also, there is no need for an exogenous change to be applied in the Price Cap Index formula. By the very nature of removing demand, the R value is decreased. A demonstration of the unreasonableness of an exogenous change is shown when the PCI equals the API prior to this TRP filing. In this case an exogenous change would force a decrease to the PCI. This in turn would force a decrease to the API which would force a decrease to rates. There is no justification for reducing the rates of other Price Cap services when some services are classified as non-dominant and removed from Price Cap regulation.

Nor is there a need for an exogenous adjustment to reflect the removal of costs. What costs are removed? In the case of pay phones becoming CPE, the costs of the phones were appropriately removed from the Common Line Basket; the recovery was no longer to be from the SLC or the CCLC. In the case of the sale or rural exchanges, it could be argued that the high costs of these exchanges should be removed. In the case of non-dominant treatment, no costs are being removed; the same telephone infrastructure provides the service. An argument could be developed which shows that the non-dominant services are less expensive to deliver since they are in the low cost, high density areas. If this is true, a positive exogenous cost would be appropriate to raise the rates for the services remaining under Price Caps. It suffices that any exogenous change is inappropriate.

In conclusion, the Price Cap mechanism is self-correcting. Customers of services remaining under Price Caps are adequately protected when the demand for non-dominant services is removed from the calculation of the indices.

Price Cap Glossary

API	Actual Price Index
D_i	Demand quantities
GDP-PI	Inflation factor
HR	Headroom is the difference between the revenue generated from the actual prices and the revenue which is allowed if the API is equal to the PCI
HR_P	Headroom prior to removing the non-dominant demand
HR_R	Headroom when the non-dominant demand is removed
P_i	Price for a rate element
PCI	Price Cap Index
R	$\Sigma(D_i \bullet P_{it-1})$ Base period revenue
t	Current time for a TRP filing
t-1	Time of the previous TRP filing
t-2	Time of the TRP filing which was prior to the previous TRP filing
TRP	Tariff Review Plan, used to demonstrate the Price Cap calculations
v	$D_i \bullet P_{it-1} / \Sigma(D_i \bullet P_{it-1})$ Estimated revenue weight, used in the API formula
w	$(R + \Delta Z)/R$ Weighting factor in the PCI formula for inflation less productivity
X	Productivity factor
ΔY	Imputation of Access charges
ΔZ	Exogenous changes

Low End Adjustment

The current Price Cap regime provides for a Low End Adjustment when the actual rate of return for the base year period falls below 10.25%. This is the only practical implication of rate of return for a Price Cap company. In the unlikely event the realized rate of return would fall below 10.25% and the company chooses to seek a Low End Adjustment, the following details how that adjustment would be calculated.

The actual rate of return will continue to be reported on all interstate rate of return, Price Cap and non-dominant services. If the rate of return falls below 10.25% for a base year period and the company chooses to seek the Low End Adjustment, a PCI adjustment for the Price Cap services will be calculated by determining the earnings necessary to bring the rate of return back to 10.25% based on the reported data for the base year. See Exhibit 1 for an illustrative example.

The Low End Adjustment will be reduced by assigning some of the Adjustment to the non-dominant services. This will be accomplished by restating the non-dominant revenues to a theoretical level which reflects revenues that might have been if the non-dominant services had been priced at the corresponding Price Cap rates. The corresponding Price Caps rates are determined by calculating the actual revenue per unit (e.g., channel termination) for categories of services (e.g., DS1, DS3) for both Price Cap and non-dominant services. Exhibit 2 shows this step. The revenue for the non-dominant services is recalculated using the Price Cap revenue per unit. The difference between the realized non-dominant revenue and the theoretical revenue is used to reduce the Adjustment. See Exhibit 1.

The remaining Low End Adjustment is spread to the Price Cap and non-dominant products proportional to the realized revenues in the base year.

This process more than adequately protects the customers of Price Cap products from having to bear the entire burden if the Low End Adjustment is needed. As shown in the exhibit, only $10.095M of the Low End Adjustment of $20.963M is assigned to the Price Cap services. It should be noted that if the price decreases of the non-dominant services have been aggressive, much (if not all) of the Adjustment would be apportioned to the non-dominant services.

This method also shifts more of the burden of the Adjustment to the non-dominant services in another way. It is most probable that the services in the zones with the lowest prices will become non-dominant. The less competitive zones with the higher prices will remain under Price Caps. Calculating the theoretical revenues based on the average for the corresponding Price Cap services really overstates what a fair revenue per unit would have been because it uses the rates in effect for the higher priced zones.

This method for determining the Low End Adjustment more than adequately protects the customers of services remaining under Price Caps!

Exhibit 1

Low End Adjustment for Removed Services - High Cap Example
Dollars in thousands

Step #1: Actual 1997 Price Cap Earnings Data

	Source	Total IS	PC Services	Removed Svcs
1 Revenues	492A and Company Records	$3,224,051	$3,099,165	$124,886
2 Exp + Taxes	492A	$2,853,048		
3 Return	Ln 1 - Ln 2	$371,003		
4 ANI	492A	$3,742,251		
5 ROR	Ln 3 / Ln 4	9.91%		

Step #2: Calculate LEA on total interstate access basis

	Source	Total IS
6 Return @ 10.25%	Ln 4 * 0.1025	$383,581
7 Actual return	Ln 3	$371,003
8 Difference	Ln 6 - Ln 7	$12,578
9 Gross-up for Taxes (@ 0.40)	Ln 8 / 0.60	$20,963

Step #3: Calculate revenue differential attributable to removed services

	Source	DS1	DS3
10 Removed svcs rev	Company Records	$85,286	$39,600
11 Ratio of PC/removed svc ARPU	Lns 13 and 14, Exhibit 2	1.0707	1.1119
12 Removed svcs rev adjusted	Ln 10 * Ln 11	$91,316	$44,031
13 Revenue differential	Ln 10 - Ln 12	-$6,030	-$4,431

Step #4: Adjust total LEA for removed services revenue differential

	Source	LEA Adjustment
14 Total LEA	Ln 9	$20,963
15 Revenue differential	Ln 13 (DS1 + DS3)	-$10,461
16 Revenue adjusted LEA	Ln 14 + Ln 15	$10,502

Step #5: Allocate portion of revenue adj LEA to price cap services

	Source	Total IS	PC Services	Removed Svcs
17 Total revenues actual	Ln 1	$3,224,051	$3,099,165	$124,886
18 Revenue Distribution		100.00%	96.13%	3.87%
19 Allocation of LEA	Ln 16 * Ln 18	$10,502	$10,095	$407

Exhibit 2

Calculating Ratio of Price Cap to Removed Services Average Revenue Per Unit (ARPU)
Example for Removal of DS1 and DS3 Services in Some Geographic Areas

	Source	Amount
Step #1: Calculate actual ARPU for removed services		
Actual DS1 revenue from removed svcs	Company Records	$85,286,160
DS1 chan terms removed	Company Records	236,906
Rev/unit (ARPU) removed	Ln 1 / Ln 2	**$360.00**
Actual DS3 revenue from removed svcs	Company Records	$39,600,000
DS3 chan terms removed	Company Records	12,000
Rev/unit (ARPU) removed	Ln 4 / Ln 5	**$3,300.00**
Step #2: Calculate ARPU for corresponding price cap services (after removal date)		
DS1 service cat. Revenues	TRP	$213,074,289
DS1 service cat. chan terms	TRP	552,782
Rev/DS1 (ARPU) under price caps	Ln 7 / Ln 8	**$385.46**
DS3 service cat. Revenues	TRP	$66,047,600
DS3 service cat. chan terms	TRP	18,000
Rev/DS3 (ARPU) under price caps	Ln 10 / Ln 11	**$3,669.31**
Step #3: Calculate ratio of PC/removed ARPU		
DS1 services ratio	Ln 9 / Ln 3	1.0707
DS3 services ratio	Ln 12 / Ln 6	1.1119

U S WEST
High Capacity Forbearance
Price Cap and Earnings Adjustments

When the FCC approves the U S WEST Communication petitions for forbearance for High Capacity Services, the changes required to the Price Cap and Earnings mechanisms are minimal. From the Price Cap perspective, the demand for the non-dominant services will be removed from the indices calculations. By removing the demand, Price Caps is self-correcting and no other Price Cap adjustments are needed. Headroom reduces proportional to the reduction in the calculated revenues, the "R" value. Exogenous changes are not needed because no costs are being removed. Customers of services remaining under Price Caps are adequately protected because the headroom is proportionally reduced and because headroom that would have been created by pricing these services to the competitive market is not available to raise Price Cap controlled prices. The Price Cap modifications to reflect the non-dominant treatment are straightforward, simple and adequate to protect customers.

In a hypothetical example run for the Phoenix MSA the headroom shrinks from $5,432,616 to $5,164,684 when the estimated demand for the non-dominant services is removed.

From an earnings perspective, the situation is equally straightforward. All revenues (Price Cap and non-dominant) will continue to be reported in total, the same for expenses and investment. The only practical concern for a Price Cap company is the Low End Adjustment when the realized earnings fall below 10.25%. The FCC's rules allow for an upward price change to bring the earnings back to 10.25%. If this were to happen, and an ILEC would ask for such treatment, the Low End Adjustment would be reduced by the amount of revenue the non-dominant services would have brought in if they would have been priced like similar services under Price Cap. Any remaining Adjustment is then proportionally spread to the Price Cap and non-dominant services based on the realized revenues. This method more than adequately protects the customers of Price Cap services. The company must absorb all of the Adjustment assigned to the non-dominant services. If pricing for these non-dominant services has been very aggressive, it is not impossible for all of the Adjustment to be assigned to the non-dominant side.

An example can be created where the Adjustment of $21M results in only $10M apportioned to the Price Cap services. The remainder of the Adjustment, $11M, is assigned to the non-dominant services.

When granting the petition for forbearance, the Commission has the full authority to allow these changes to these procedures to take place without additional changes in its rules. Section 10 gives the Commission the necessary authority to grant this relief.

High Capacity - Typical Configuration Elements

"Typical" Circuit			Recurring Charges (Monthly)	
	QTY	USOC	Element Description	
I. DS1 CT to DS1 Ct, 10 interoffice miles	2	TMECS	DS1 CT 1.544 MBPS	
	1	1U5C3	DS1 1.544 8-25 MILES, Fixed Component (Det. by FID code)	
	10	1U5C3	DS1 1.544 8-25 MILES, Per Mile (Det. by FID code)	
II. DS1 CT to MUX, 10 interoffice miles to DS3 CT assumes a DS1 to DS3 MUX at the DS1-side wire center. An additional DS1 to DS0 data MUX is USOC QMU for data, or MQ1 for voice.	1	TMECS	DS1 CT 1.544 MBPS	
	1	MQ3	DS3 to DS1 MUX	
	1	1U5U3	DS3 44.736 8-25 MILES, Fixed Component (Det. by FID code)	
	10	1U5U3	DS3 44.736 8-25 MILES, Per Mile (Det. by FID code)	
	1	THJAX	DS3 CT (Cap. of 1, Electrical)	
III. DS3 CT to DS3 CT, 10 interoffice miles	2	THJAX	DS3 CT (Cap. of 1, Electrical)	
	1	1U5U3	DS3 44.736 8-25 MILES, Fixed Component (Det. by FID code)	
	10	1U5U3	DS3 44.736 8-25 MILES, Per Mile (Det. by FID code)	

Note: Each element also has an associated non-recurring charge, usually designated with the same USOC.

U S WEST Communications' USOCs and COSs (class of service) for High Capacity services subject to the petitions for Forbear

Private Line and Special Access USOCs		Private Line and Special Access COSs	
USOC	**Description**	**COS**	**Description**
Channel Termination:		HS1M9	HIGH CAP SERVICE - DS1 (1.544 MBPS); INTRASTATE; END-LINK TO
FC5	CO NODE, PER CUST PCO	HS1MN	HIGH CAP SERVICE - DS1 (1.544 MBPS); INTRASTATE-INTRALATA
FC6AX	CO PORT RATE DS1, P/ PT	QU71X	COMMON CHANNEL SIGNALING SERVICE - DS1 CONTRACTED - CLEC
FC6BX	CO PORT RATE DS3, P/ PT	RS4	RATE SYNCHRONIZATION
FC6CX	CO PORT RATE OC3, P/ PT	RS4XX	RATE SYNCHRONIZATION
FC6DX	CO PORT RATE OC12, P/PT	SX71X	COMMON CHANNEL SIGNALING SERVICE - DS1
FP5	REM NODE, PER CUST PREM	XD61X	SIMULTANEOUS VOICE-DATA DERIVED SERVICE - DA1 - 2.4 KBPS
FP6AX	REM PORT RATE DS1, P/ PT	XDE1X	HIGH CAP SERVICE; SELF HEALING; 1.544 MBPS (DS1)
FP6BX	REM PORT RATE DS3, P/ PT	XDE3X	HIGH CAP SERVICE; SELF HEALING; 44.736 MBPS (DS3)
FP6CX	REM PORT RATE OC3, P/ PT	XDEDX	HIGH CAP SERVICE; SELF HEALING; 155.52 MBPS; INTERSTATE
FP6DX	REM PORT RATE OC12, P/PT	XDEEX	HIGH CAP SERVICE; SELF HEALING; 622.08 MBPS - INTERSTATE
FV5	OCx REMOTE CO NODE	XDEFX	HIGH CAP SERVICE; SELF HEALING; 1.244 GBPS; INTERSTATE
T1A4X	DS1 CT CAP 4 PER DS1 QP2 R/I	XDEGX	HIGH CAP SERVICE; SELF HEALING; 2.488 GBPS; INTERSTATE
T1A5X	DS1 CT CAP 4 PER DS1 QP2 R/I	XDEVX	HIGH CAP SERVICE; SELF HEALING; 135 MBPS
T1A6X	DS1 CT CAP 4 PER DS1 QP1 R/I	XDEYX	HIGH CAP SERVICE; SELF HEALING; 1.12 GBP
T1A7X	DS1 CT CAP 4 PER DS1 QP1 R/I	XDEZX	HIGH CAP SERVICE; SELF HEALING; 565 MBPS
T1AAX	DS3 CT CAP OF 3 RADIO INTERFACE	XDH1X	HIGH CAP SERVICE; 1.544 MBPS - HC1
T1AGX	DS3 CT CAP OF 6 RADIO INTERFACE	XDH3X	HIGH CAP SERVICE; 44.736 MBPS - HC3
T1ANX	DS3 CT CAP OF 9 RADIO INTERFACE	XDHBX	HIGH CAP SERVICE; 89.472 MPBS
T1AUX	DS3 CT CAP OF 12 RADIO INTERFACE	XDHJX	HIGH CAP SERVICE; 280 MBPS
TH21X	DS3 CT CAP OF 18 OP	XDHKX	HIGH CAP SERVICE; 1.866 GBPS
TH2EX	DS3 CT CAP OF 2 OP	XDHVX	HIGH CAP SERVICE; 135 MBPS
TH2JX	DS3 CT CAP OF 3 OP	XDHWX	HIGH CAP SERVICE; 405 MBPS
TH2NX	DS3 CT CAP OF 12 OP	XDHXX	HIGH CAP SERVICE; 810 MBPS
TH2RX	DS3 CT CAP OF 24 OP	XDHYX	HIGH CAP SERVICE; 1.12 GBPS
TH2VX	DS3 CT CAP OF 9 OP	XDHZX	HIGH CAP SERVICE; 565 MBPS
TH5EX	DS3 CAP OF 2 PER DS3 EL	XET1X	EXTENDED DIGITAL SERVICE; 1.544 MBPS - HC1
TH5JX	DS3 CAP OF 3 PER DS3 EL	XETGX	EXTENDED DIGITAL SERVICE; DERIVED CHANNEL
TH5NX	DS3 CAP OF 12 PER DS3 EL	XG31X	SPECIAL - CS - FTS 2000 - HIGH CAP DS3 - PLAN 1
TH5RX	DS3 CAP OF 24 PER DS3 EL	XG32X	SPECIAL - CS - FTS 2000 - HIGH CAP DS3 - PLAN 2
TH5VX	DS3 CAP OF 9 PER DS3 EL	XG33X	SPECIAL - CS - FTS 2000 - HIGH CAP DS3 - PLAN 3
TH81X	DS3 CAP OF 18 PER DS3 OP	XG34X	SPECIAL - CS - FTS 2000 - HIGH CAP DS3 - PLAN 4
TH8EX	DS3 CAP OF 2 PER DS3 OP	XG35X	SPECIAL - CS - FTS 2000 - HIGH CAP DS3 - PLAN 5
TH8JX	DS3 CAP OF 3 PER DS3 OP	XG36X	SPECIAL - CS - FTS 2000 - HIGH CAP DS3 - PLAN 6
TH8NX	DS3 CAP OF 12 PER DS3 OP	XG37X	SPECIAL - CS - FTS 2000 - HIGH CAP DS3 - PLAN 7
TH8RX	DS3 CAP OF 24 PER DS3 OP	XGH1X	FTS 2000 - HIGH CAP 1 - HC1; PLAN 1; FGTS
TH8VX	DS3 CAP OF 9 PER DS3 OP	XGH3X	FTS 2000 - HIGH CAP 1 - HC1; PLAN 3; FGTS
THJAX	DS3 CT CAP OF 1 EL	XGH4X	FTS 2000 - HIGH CAP 1 - HC1; PLAN 4; FGTS
THJEX	DS3 CT CAP OF 2 EL	XGH5X	FTS 2000 - HIGH CAP 1 - HC1; PLAN 5; FGTS
THJJX	DS3 CT CAP OF 3 EL	XGH6X	FTS 2000 - HIGH CAP 1 - HC1; PLAN 6; FGTS
THJNX	DS3 CT CAP OF 12 EL	XGH7X	FTS 2000 - HIGH CAP 1 - HC1; PLAN 7; FGTS
THJRX	DS3 CT CAP OF 24 EL	XGH8X	FTS 2000 - HIGH CAP 1 - HC1; PLAN 8; FGTS
THJVX	DS3 CT CAP OF 9 EL	XGH9X	FTS 2000 - HIGH CAP 1 - HC1; PLAN 9; FGTS
TMECS	DS1 CT 1.544 MBPS	XGHAX	FTS 2000 - HIGH CAP 1 - HC1; PLAN 10; FGTS
TN26X	EDS DS1 CT 1.544 MBPS	XNE1X	NETWORK RECONFIG SERVICE - COS - 12 MONTHS;
TZGKX	DS1 NP-A CT 1.544 MBPS	XNE2X	NETWORK RECONFIG SERVICE - COS - 24 MONTHS;
TZGLX	DS1 NP-B CT 1.544 MBPS	XNE3X	NETWORK RECONFIG SERVICE - COS - 36 MONTHS;
		XNE5X	NETWORK RECONFIG SERVICE - COS - 60 MONTHS;
Transport Channels:		XNEMX	NETWORK RECONFIG SERVICE - COS - M-TO-M;
1A5BA	OC3 - OC48, 0 MILES	XSWAX	SONET; OC3; M-TO-M INTERSTATE;
1A5BB	OC3 - OC48, 0-8 FIXED	XSWBX	SONET; OC3; 12 MONTH PLAN INTERSTATE;
1A5BC	OC3 - OC48, 8-25 FIXED	XSWCX	SONET; OC3; 24 MONTH PLAN INTERSTATE;
1A5BD	OC3 - OC48 25-50 FIXED	XSWDX	SONET; OC3; 36 MONTH PLAN INTERSTATE;
1A5BE	OC3 - OC48, OVER 50 FIXED	XSWEX	SONET; OC3; 60 MONTH PLAN INTERSTATE;
1U5C1	DS1 1.544 0 MILES	XSWFX	SONET; OC12; M-TO-M INTERSTATE;
1U5C2	DS1 1.544 0-8 MILES	XSWGX	SONET; OC12; 12 MONTH PLAN INTERSTATE;
1U5C3	DS1 1.544 8-25 MILES	XSWHX	SONET; OC12; 24 MONTH PLAN INTERSTATE;
1U5C4	DS1 1.544 25-50 MILES	XSWJX	SONET; OC12; 36 MONTH PLAN INTERSTATE;
1U5C5	DS1 1.544 OV 50 MILES	XSWKX	SONET; OC12; 60 MONTH PLAN INTERSTATE;
1U5U1	DS3 0 MILES	XSWLX	SONET; OC48; M-TO-M-INTERSTATE;
1U5U2	DS3 0-8 MILES	XSWMX	SONET; OC48; 12 MONTH PLAN INTERSTATE;
1U5U3	DS3 8-25 MILES	XSWNX	SONET; OC48; 24 MONTH PLAN INTERSTATE;
1U5U4	DS3 25-50 MILES	XSWOX	SONET; OC48; 36 MONTH PLAN INTERSTATE;
1U5U5	DS3 OV 50 MILES	XSWPX	SONET; OC48; 60 MONTH PLAN INTERSTATE;
1YTXA	CHANNEL MI SPEC ACCESS	XSWQX	SONET; OC24; M-TO-M INTERSTATE;
1YTXB	CHANNEL MI SPEC ACCESS	XSWRX	SONET; OC24; 12 MONTH PLAN INTERSTATE;
1YTXC	CHANNEL MI SPEC ACCESS	XSWSX	SONET; OC24; 24 MONTH PLAN INTERSTATE;
1YTXD	CHANNEL MI SPEC ACCESS	XSWTX	SONET; OC24; 36 MONTH PLAN INTERSTATE;
1YTXE	CHANNEL MI SPEC ACCESS	XTVXX	SWITCHED TRANSPORT - VOICE GRADE SERVICE

MUX
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M6W1X  MUX
M6W3X  MUX
MQ1    MULTI DS1 TO VOICE
MQ3    DS3 MUX
PYVD5  CO MUX SUBRT SIG
PYVM8  CONN ARRG DS1-DS1
PYVM9  CONN ARRG MUX-MUX
QM3XX  CO MUX DS3 TO DS1
QMU    MULTI DS1 TO DS0
QMVXX  CO MUX DS1 TO VOICE
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Self Healing Services:
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SHECX  DS1 SHARP+ - PER PROTECTED CT
SHEDX  DS3 SHARP+ - PER PROTECTED CT
SHEEX  DS1 SHARP+ CO TERM - PER TERM
SHEFX  DS3 SHARP+ CO TERM - PER TERM
SHNAX  DS1 SHARP - PER CT
SHNBX  DS3 SHARP - PER DS3
SHNJX  DS3 SHARP-PER SYS LVL CT
1HXQS  SHNS OVER 0 MILES
1HXQX  SHNS 0 MILES
DHG4X  SHNS A.P. OC3 CAP 1.244 GBPS
DHG6X  SHNS A.P. OC12 CAP 1.244 GBPS
DHG8X  SHNS A.P. OC3 CAP 2.488 GBPS
DHGBX  SHNS A.P. DS1 CAP 155.52 MBPS
DHGCX  SHNS A.P. DS3 CAP 155.52 MBPS
DHGDX  SHNS A.P. DS1 CAP 622.08 MBPS
DHGFX  SHNS A.P. DS3 CAP 2.488 GBPS
DHGXX  SHNS A.P. OC3 CAP 622.08 MBPS
DHH4X  SHNS H.P. OC3 CAP 1.244 GBPS
DHH6X  SHNS H.P. OC12 CAP 1.244 GBPS
DHH8X  SHNS H.P. OC3 CAP 2.488 GBPS
DHHBX  SHNS H.P. DS1 CAP 155.52 MBPS
DHHCX  SHNS H.P. DS3 CAP 155.52 MBPS
DHHDX  SHNS H.P. DS1 CAP 622.08 MBPS
DHHFX  SHNS H.P. DS3 CAP 2.488 GBPS
DHHXX  SHNS H.P. OC3 CAP 622.08 MBPS
DHYBX  SHNS A.P. DS3 CAP 622.08 MBPS
DHYDX  SHNS A.P. DS3 CAP 1.244 GBPS
DHZBX  SHNS H.P. DS3 CAP 622.08 MBPS
DHZDX  SHNS H.P. DS3 CAP 1.244 GBPS
DJ3EX  SHNS A.P. OC12 CAP 2.488 GBPS
DJZEX  SHNS H.P. OC12 CAP 2.488 GBPS
NGGAX  SHNS A.N. CAP 155.52 MBPS
NGGEX  SHNS A.N. CAP 2.488 GBPS
NGHAX  SHNS H.N. CAP 155.52 MBPS
NGHEX  SHNS H.N. CAP 2.488 GBPS
NGYAX  SHNS A.N. CAP 622.08 MBPS
NGYCX  SHNS A.N. CAP 1.244 GBPS
NGZAX  SHNS H.N. CAP 622.08 MBPS
NGZCX  SHNS H.N. CAP 1.244 GBPS
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OTHER:
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1T561  EDS DS1 1.544     0 MILES
1T562  EDS DS1 1.544     0-8 MILES
1T563  EDS DS1 1.544     8-25 MILES
1T564  EDS DS1 1.544     25-50 MILES
1T565  EDS DS1 1.544 OVER 50 MILES
ALGOX  Other Labor
ALGXX  BASELINE LABOR
AOV    AVOIDANCE
BU6    EDS - BATTERY BACKUP
C6C    EDS CLEAR CHANNEL-B8ZS
C7C    EDS CLEAR CHANNEL-BASIC
CCO    CLEAR CHANNEL-BASIC
CLR    CLEAR CHANNEL-B8ZS
CU5BD  DS1 FF COCC
CU5MN  DS3 COCC
CU5OU  OC3 - OC 48, COCC
CU5QS  SHNS COCC
CZ6    CLEAR CHANNEL-ZBTSI
D1J    CAL 1.544 MBPS DS1
D2GAA  COMMAND-A-LINK
D2GDU  NET CONTROLLER
D3D    CAL 44.736 MBPS DS3
DKFBM  DS3 TRANSP ALT PATH PROTECTION
DLZAX  DESIGN LAYOUT RPT
DLZHX  DESIGN LAYOUT RPT
DM3XX  LL DIVERSITY MAINT - PER CT
DY3XX  TC DIVERSITY MAINT - PER TC
DZD1X  EDS CHNL-1ST ORDER AFTER INIT
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USOC	Description
DZDAX	EDS CHNL-EA ADDL CHNL ORDER
DZS1A	EDS CHNL-INIT CHNL ORDER
H28	DESIGN CHARGE
HD2AX	DS3 CT CAP OF 6 OP
HD2GX	DS3 CT CAP OF 36 OP
HD5AX	DS3 CAP OF 6 PER DS3 EL
HD5GX	DS3 CAP OF 36 PER DS3 EL
HD8AX	DS3 CAP OF 6 PER DS3 OP
HD8GX	DS3 CAP OF 36 PER DS3 OP
HDJAX	DS3 CT CAP OF 6 EL
HDJGX	DS3 CT CAP OF 36 EL
LNY	D.C. LINE POWER
OMC	ORDER MODIFICATION CHRG
PHP	PORT-TO-PORT CONN ARG
S1F1S	RT SYNC CHRG 1.544 TO SONET
SHEF2	SH ALT ROUTE PROT
SKK	EDS SECONDARY CHANNEL
SRKXX	SFTWRE RECONFIG CAPABILITY
T59	AUTO LOOP TRANSFER
UPD	CON/UPGRD CHRG
USV	TRANSFER ARRANGMENT
VXO	DIGITAL X CONNECT NRC

FRS AND ATM USOCs (ACCESS PORTION ONLY)		FRS AND ATM COCs (ACCESS PORTION ONLY)	
USOC	Description	COS	Description
FRS:			
L7AXM	Access Link M-TO-M	X1NNX	
L7AX1	Access Link 1 YR	X1UNX	
L7AX2	Access Link 2 YR	X1UPX	
L7AX3	Access Link 3 YR	XFSPX	
L7AX4	Access Link 4 YR		
L7AX5	Access Link 5 YR		
L7AX6	Access Link 6 YR		
L7AX7	Access Link 7 YR		
NNLXM	Stand Alone Access Link M-TO-M		
NNLX1	Stand Alone Access Link 1 YR		
NNLX2	Stand Alone Access Link 2 YR		
NNLX3	Stand Alone Access Link 3 YR		
NNLX4	Stand Alone Access Link 4 YR		
NNLX5	Stand Alone Access Link 5 YR		
NNLX6	Stand Alone Access Link 6 YR		
NNLX7	Stand Alone Access Link 7 YR		
CU5RR	COCC M-TO-M		
CU5SR	COCC 1 YR		
CU5TR	COCC 2 YR		
CU5UR	COCC 3 YR		
CU5VR	COCC 4 YR		
CU5WR	COCC 5 YR		
CU8A4	COCC 6 YR		
CU8BR	COCC 7 YR		
U1RFR	Usage Information Report M-TO-M		
U1RFR	Usage Information Report 1 YR		
U1RFR	Usage Information Report 2 YR		
U1RFR	Usage Information Report 3 YR		
U1RFR	Usage Information Report 4 YR		
U1RFR	Usage Information Report 5 YR		
U1RFR	Usage Information Report 6 YR		
U1RFR	Usage Information Report 7 YR		
NM6XM	Customer Network Mgmt M-TO-M		
NM6X1	Customer Network Mgmt 1 YR		
NM6X2	Customer Network Mgmt 2 YR		
NM6X3	Customer Network Mgmt 3 YR		
NM6X4	Customer Network Mgmt 4 YR		
NM6X5	Customer Network Mgmt 5 YR		
NM6X6	Customer Network Mgmt 6 YR		
NM6X7	Customer Network Mgmt 7 YR		
ATM:			
N7AXM	Optical Access Link M-t-M	ACLNX	Inter-state 1.536 Mbps
N7AX1	Optical Access Link 1 Year	ACLSX	Inter-state 44.736 Mbps
N7AX2	Optical Access Link 2 Year	ACLTX	Inter-state 155.52 Mbps
N7AX3	Optical Access Link 3 Year		
N7AX4	Optical Access Link 4 Year		
N7AX5	Optical Access Link 5 Year		
N7AX6	Optical Access Link 6 Year		
N7AX7	Optical Access Link 7 Year		
N1AXM	Stand Alone OAL M-t-M		
N1AX1	Stand Alone OAL 1 Year		
N1AX2	Stand Alone OAL 2 Year		
N1AX3	Stand Alone OAL 3 Year		
N1AX4	Stand Alone OAL 4 Year		
N1AX5	Stand Alone OAL 5 Year		
N1AX6	Stand Alone OAL 6 Year		
N1AX7	Stand Alone OAL 7 Year		
C3TXM	Fixed Rate Per Port M-t-M		
C3TX1	Fixed Rate Per Port 1 Year		
C3TX2	Fixed Rate Per Port 2 Year		
C3TX3	Fixed Rate Per Port 3 Year		
C3TX4	Fixed Rate Per Port 4 Year		
C3TX5	Fixed Rate Per Port 5 Year		
C3TX6	Fixed Rate Per Port 6 Year		
C3TX7	Fixed Rate Per Port 7 Year		
CFNXM	COCC M-t-M		
CFNX1	COCC 1 Year		
CFNX2	COCC 2 Year		
CFNX3	COCC 3 Year		
CFNX4	COCC 4 Year		
CFNX5	COCC 5 Year		
CFNX6	COCC 6 Year		
CFNX7	COCC 7 Year		

U S WEST Communications' USOCs and COSs (class of service) for High Capacity services subject to the petitions for Forbear

Switched Access		Switched Access	
USOC	Description	COS	Description
Entrance Facility - EF			
EF2BX	DS1 electrical interface		
EF2CX	DS3 electrical interface - per DS3		
EF2PX	DS3 electrical interface - per capacity system (starting at capacity of 2)		
EF2DX	DS3 optical interface - per DS3		
EF2LX	DS3 optical interface - per capacity system (starting at capacity of 2)		
Direct-trunked transport - DTT			
1YTXA	0 mile	XTH1X	DS1
1YTXB	over 0 to 8 miles	XTH3X	DS3
1YTXC	over 8 to 25 miles		
1YTXD	over 25 to 50 miles		
1YTXE	over 50 miles		
Multiplexing			
MKW3X	DS3 TO DS1 Entrance Facility MUX		
M6W3X	DS3 TO DS1 DTT MUX		
MKW1X	DS1 TO Voice Grade Entrance Facility MUX		
M6W1X	DS1 TO Voice Grade DTT MUX		